



Update from Congressman NEIL ABERCROMBIE

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Dear Friend:

CONGRESSMAN NEIL ABERCROMBIE: FIGHTING TO SAVE THE HOME MORTGAGE INTEREST DEDUCTION

We've all heard the saying, "Home is where the heart is." It rings true, because we know that a home is more than a collection of building materials put together to make a housing unit. Home ownership is the cornerstone of the American dream. This is just as true in Hawaii as anywhere else. Home ownership offers a chance to have a place we can call our own, to raise our families, and build up equity for the future.

For would-be Hawaii homeowners, the opportunities are there, but the challenges are significant. The rate of home ownership is rising in Hawaii. That increase reflects lower interest rates, a larger supply of available homes, a greater number of people determined to buy their own homes, and more flexible financing options. At the same time, Hawaii home prices are among the highest in the nation.

One of the most important factors that allow a family to buy a home is the tax deduction for home mortgage interest payments. The deduction has enabled millions of families across the nation to buy their own homes, move into the middle class, and enjoy a degree of financial stability and security. With the median price of a single family home on Oahu at \$615,000 (3rd Quarter 2005), the mortgage interest deduction is worth thousands of dollars to the typical home buyer. Without that deduction, many of island families will be locked out of the housing market and forced to give up their dreams of home ownership.

Because of its value to so many families, I have long supported the home mortgage interest deduction and fought off attempts to repeal it. Those who propose repeal have little understanding of its importance to the U.S. economy, to working families, or to its role in social mobility. That's why it was disturbing to learn that the President's Advisory Panel on Tax Reform has recommended limits on the tax deduction for home mortgage interest. Limiting the deduction would reduce its

financial value to home buyers. With Hawaii's high home prices, these limits would make the difference between affordability and unaffordability for many families struggling to buy their homes.

Repealing or limiting the mortgage interest deduction would have an economic tsunami affect throughout our society. Current home owners would see the value of their lifetime investments plummet as the real estate market softened dramatically. A host of other industries—construction, financial services, home furnishings, etc.—would experience severe downturns. Clearly, eliminating or reducing the home mortgage interest deduction would benefit very few people and harm many.

As of this writing, the recommendations of the President's Advisory Panel on Tax Reform have not yet been presented to Congress in the form of legislative bills. If and when that happens, you can be sure I will oppose limitations on the home mortgage interest deduction. This benefit means home affordability for millions. More importantly, it means hope for families dreaming of a home of their own. It must be preserved, and I will fight to ensure that it remains available.

Sincerely,

A handwritten signature in black ink that reads "Neil Abercrombie". The signature is fluid and cursive, with the first name "Neil" being particularly prominent.

Neil Abercrombie
Member of Congress

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Congressman Neil Abercrombie

1502 Longworth House Office Building
Washington, D.C. 20515
202-225-2726
808-541-2570

www.house.gov/abercrombie